

STRENGTHENING OF THE MINISTRY OF FAMILY AFFAIRS FOR THE PROTECTION OF VULNERABLE GROUPS

(NI-0136)

EXECUTIVE SUMMARY

Borrower:	Republic of Nicaragua	
Executing agency:	Ministry of Family Affairs (MIFAM)	
Amount and source:	IDB (FSO):	US\$1,000,000
	Local:	US\$ 156,400
	Total:	US\$1,156,400
Financial terms and conditions:	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	30 months
	Interest rate:	1% during the first 10 years and 2% thereafter
	Inspection and supervision:	1%
	Credit fee:	0.5%
	Modality	Single Currency Facility in US\$
Objectives:	<p>The main objective of the program is to create the institutional framework lacking in Nicaragua in order to be able to address efficiently and sustainably the needs of vulnerable groups. To attain this objective, the institutional capacity of the Ministry of Family Affairs (MIFAM) to provide such care will be strengthened. Specifically, the idea is to transform MIFAM into a body having the capacity to formulate policy, hire services, coordinate entities in different sectors that serve the needs of vulnerable groups, and regulate services for these groups. MIFAM could thus prioritize its activities, supervise implementation of the program, and evaluate the impact of priority programs. It is expected that this objective could be attained in two years' time, the duration of the proposed program. The program has two secondary objectives: (i) to reorganize MIFAM based on the capabilities required to achieve the program's main objective; and (ii) to transfer to civil society organizations (CSOs) responsibility for carrying out projects for vulnerable groups.</p>	

Description: The program is divided into two projects, each one in response to a secondary objective. The first one seeks to restructure and strengthen MIFAM so that it can discharge its new functions for the benefit of vulnerable groups. The second is designed to create the initial conditions permitting the ministry to delegate to CSOs the task of carrying out programs for vulnerable groups. The Logical Framework (Annex I) shows the relationship between objectives, projects, components, and activities, and defines indicators and means of verification for each one. The first project consists of two components. The first will bring the ministry's structure into line with its specialized functions of policy formulation, regulation, and sector coordination. The second will establish critical processes within the new structure to facilitate the performance of those functions (paragraphs 2.4 to 2.8).

The second project will create the initial conditions permitting the ministry to contract the services of CSOs for carrying out programs for vulnerable groups. To this end, two components will be carried out: (i) to establish contracting capacity and the procedures for awarding funds, and (ii) to develop protocols for services offered to vulnerable groups (paragraphs 2.9 to 2.12).

The Bank's country and sector strategy:

Pursuant to the Poverty Reduction Strategy, that the government has been preparing with the Bank's help, this program would strengthen the government entity in charge of ministering to the needs of the most vulnerable groups as well as its Civil Society counterparts.

Concurrently, the Bank has been supporting reforms in the social sectors so that resources can be channeled to investments, such as the social protection program now under way, that have a high impact on poverty and directly benefit vulnerable social groups. In addition, the Bank supports actions to protect social spending and increase its efficiency, particularly through the Supplemental Social Fund (FSS) (paragraph 1.5 and 1.16).

This program fits in with the Bank's strategic framework for assisting with social programs and poverty reduction insofar as it proposes reform to enhance the delivery of social services for the very poor and vulnerable. Also, it supports the channeling of resources to these same groups more efficiently and more effectively, thus promoting participation by CSOs in service delivery (paragraph 1.15).

Environmental and social review:

The program is not expected to have any environmental impact.

Benefits: The country's most vulnerable groups stand to be the main beneficiaries of the program since they will receive care that is better coordinated, more efficient, and more effective. In addition, the program will strengthen MIFAM's capacity to promote further programs in support of these groups (paragraph 4.9).

Another benefit that dovetails with the preceding one is that the certainty offered by a nationwide technical mechanism for coordinating the services required by vulnerable groups will strengthen the confidence of donor organizations (paragraph 4.10).

Risks: The main risk associated with the program is that political commitment to maintain the structure proposed in the program may wane. This risk will be minimized through the existence of a new efficient and effective MIFAM that is justified on its own merits alone (paragraph 4.11).

Another risk has to do with CSOs possibly not accepting authority for prioritizing local projects to assist the vulnerable groups being delegated to MIFAM, and the fragmentation of these activities should the CSOs continue to act independently. This risk will be minimized through the training that the CSOs will receive in the new procedures and protocols for vulnerable groups, and a social communications campaign will be pursued to disseminate information on the ministry's new modus operandi and the importance of coordinating social service delivery with other stakeholders (paragraph 4.12).

A third risk is that the restructuring of the ministry may be less than harmonious, and it may not be possible to carry it out without altering MIFAM's present programs (paragraph 4.13). To mitigate this risk, the program will be implemented in two stages of one year each, and restructuring measures and new procedures will be gradually introduced.

Special contractual clauses: The condition whereby the Ministry was required to demonstrate that the progress on the staff rationalization process referred to in the Institutional Modernization Agreement was at a stage considered satisfactory by the Bank, was deemed to have been fulfilled by the Bank on 16 February (paragraph 3.9). That this condition has been fulfilled will be placed on record in the loan contract before the program is submitted to the Bank's Board of Executive Directors for consideration.

Poverty-targeting and social sector classification:

This operation qualifies as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (PTI) because the beneficiaries are population groups living in conditions of poverty or extreme poverty (see paragraph 4.6). The borrower will be using the 10 percentage points in additional financing (see paragraph 2.16) for operations that qualify as poverty-targeted projects.

Exceptions to Bank policy:

Amongst the usual conditions for contracts of this kind, the loan contract will stipulate that a revolving fund of up to 8% of the total financing (equivalent to US\$80,000) be set up in order to ensure sufficient liquidity during execution of the operation.

Procurement:

Goods and services will be procured and consultants will be hired in accordance with Bank procedures. International competitive bidding will be used for contracts valued at US\$250,000 or more, in the case of goods, and at US\$200,000 or more, in the case of consulting services. For contracts below these thresholds, the procurement of goods and related services and of consulting services will be governed by the procedures to be attached as Annex D to the loan contract (paragraphs 3.25).